

## Message Text

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ORIGIN ARA-10

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DRAFTED BY ARA/MEX:GEORGE FALK:DMM  
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H: E.A.SWIFT  
TREAS: M.BACH

-----180619Z 102458 /12

P 180108Z MAR 77  
FM SECSTATE WASHDC  
TO AMEMBASSY MEXICO PRIORITY

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E.O. 11652: N/A

TAGS: EWWT, MX, US.

SUBJECT: PEMEX DISCONTINUING ITS OPERATIONS AT PORT OF  
BROWNSVILLE

1. FYI FOLLOWING IS TEXT OF CABLE WHICH TREASURY DEPT.  
HAS RECEIVED FROM BROWNSVILLE BOARD OF COMMISSIONS REGARDING  
PEMEX DECISION TO DISCONTINUE ITS OPERATIONS AT THE PORT OF  
BROWNSVILLE.

QUOTE: SECRETARY OF TREASURY, MICHAEL BLUMENTHAL, US  
DEPT. OF TREASURY.

DEAR MR. SECRETARY:

FOLLOWING IS A MESSAGE SENT TO PRESIDENT CARTER TODAY.  
WE NEED YOUR HELP IN THIS VERY SERIOUS MATTER. A CRISIS HAS  
DEVELOPED AT THE PORT OF BROWNSVILLE, TEXAS WHICH  
JEOPARDIZES OUR PORT AND OUR RELATIONS WITH MEXICO. PEMEX  
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THE MEXICAN DECENTRALIZED OIL COMPANY WHICH IS PRESENTLY  
PROVIDING THE U.S. WITH MOST ALL IT'S EXPORTABLE OIL AND  
GAS WAS TREATED IN AN UNCONSCIONABLE MANNER ON MARCH 8, 1977  
WHEN THE US CUSTOMS REVERSING THEIR PREVIOUS POSITION AND  
WITHOUT NOTICE RULED THAT PEMEX WAS TRYING TO VIOLATE THE  
ONES ACT AT THE PORT OF BROWNSVILLE. PEMEX WAS DENIED

PERMISSION TO SHIFT ONE OF THEIR OWN OIL TANKERS WITH 123,000 BARRELS OF THEIR OWN FUEL OIL, A DISTANCE OF 4400 FEET BETWEEN 2 OF THEIR OWN STORAGE TERMINALS AT OUR PORT. THEY WERE UNDER AN EMERGENCY TO PLACE THE OIL IN POSITION TO BE ABLE TO LOGISTICALLY TRANSFER IT TO MEXICAN RAILS TANK CARS FOR SHIPMENT TO MONTERREY MEXICO TO PROVIDE FUEL FOR A POWER PLANT IN NEED OF THAT OIL. OUR EFFORTS TO HAVE US CUSTOMS RECONSIDER THEIR DECISION WERE IN VAIN. THEY WERE ONLY CONCERNED WITH MAINTAINING THE STRICT RE5 APPLICATION OF THE JONES ACT REGULATIONS. OUR CONTINGENT FOR A REVERSAL WAS BASED ON THE FACT THAT THIS CARGO WAS NOT INVOLVED IN THE DOMESTIC COMMERCE OF THE UNITED STATES OR EVEN THE FOREIGN COMMERCE OF THE UNITED STATES. IT WAS ONLY A MOVEMENT OF THE DOMESTIC COMMERCE OF MEXICO. THIS POSITION WAS IMPEDING THE MOVEMENT OF MEXICAN DOMESTIC COMMERCE. WE ALSO APPEALED TO THE BUREAU OF CUSTOMS IN WASHINGTON TO USE ITS GOOD JUDGEMENT FOR RECONSIDERATION IN THE LIGHT OF THE ALTERNATIVE AVAILABLE TO PEMEX, THE MEXICAN FUEL EMERGENCY SITUATION AND MEXICO'S RECENT WILLINGNESS TO HELP US WITH OUR ENERGY CRISIS. THE ANSWER WAS STILL NO. FINALLY, LATE ON MARCH 10TH OFFENDED AND HURT WITH DISBELIEF, PEMEX OFFICIALS ORDERED THE LOADED TANKER TO RETURN TO MEXICO. THE EVENING OF MARCH 11, WE WERE NOTIFIED BY THE LOCAL REPRESENTATIVE OF PEMEX THAT PEMEX WAS DISCONTINUING ALL THEIR OPERATIONS AT THE PORT OF BROWNSVILLE AND ARE PRESENTLY RETURNING 75 EMPTY JUMBO TANK CARS TO MEXICO THAT WERE IN OUR PORT AREA READY TO RECEIVE THE FUEL. THIS HAS SHOCKED US GREATLY, THE PORT OF BROWNSVILLE COULD LOSE ABOUT ONE MILLION TONS OF CARGO A YEAR, LIMITED OFFICIAL USE

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WE STAND TO LOSE ABOUT HALF OF THE DEEP SEA VESSELS THAT CALL OUR PORT ANNUALLY AND WILL SERIOUSLY ENDANGER THE ECONOMIC HEALTH OF SEVERAL PRIVATE BUSINESSES PROVIDED VESSEL TOWING PILOTAGE LINE HANDLING AND SHIP AGENCY SERVICES AT THIS PORT. WE CANNOT BELIEVE THAT 31 YEARS OF EXCELLENT RELATIONS BETWEEN OUR PORT AND PETROLEOS MEXICANOS COULD BE DESTROYED SO RAPIDLY BECAUSE OF BUREAUCRATIC SHORTSIGHTEDNESS. MR. PRESIDENT, WE APPEAL FOR YOUR HELP AND STRONGLY URGE A PROMPT EXPLANATION TO THE MEXICAN GOVERNMENT FOR THE INCONVENIENCES AND EXTRA COSTS WHICH WE HAVE CAUSED THEM TO SUFFER IN THIS INCIDENT. PLEASE HELP RESTORE THE TRUST AND CONFIDENCE OF THE MEXICAN GOVERNMENT IN THE USE OF UNITED STATES PORTS AND PARTICULARLY BROWNSVILLE, THAT THEY WILL BE TREATED WITH JUSTICE AND REASONABLENESS. AS A LOCAL PORT AUTHORITY, WE ARE ALREADY DEVELOPING THE ENGINEERING DETAILS TO BUILD A PIPELINE CONNECTING THE TWO TERMINALS TO INSURE THAT THIS WILL NEVER HAPPEN AGAIN. FOR FURTHER DETAILS AND ADDITIONAL

BACKGROUND INFORMATION; CALL 5128314592. RESPECTFULLY  
YOURS,  
YGNICIO GARZA, JR, CHAIRMAN OF THE BOARD COMMISSIONERS,  
BROWNSVILLE NAVIGATION DISTRICT, BROWNSVILLE TEXAS

END QUOTE.

2. DEPARTMENT OF TREASURY ACTING ASSISTANT SECRETARY FOR  
ENFORCEMENT OPERATIONS CALLED ON MEXICAN EMBASSY OFFICIAL  
TO EXPLAIN LAW ON WHICH CUSTOMS DECISION WAS BASED AND THE  
STRICT LIMITATIONS OF THE JONES ACT. TREASURY REPRESENTATIVE  
PROVIDED GUIDANCE TO AVOID RECURRENCE OF INCIDENT GIVEN THE  
RESTRICTIONS IMPOSED BY THE JONES ACT. MEXICAN EMBASSY  
OFFICIAL INDICATED THAT HE WILL COMMUNICATE WITH HIS GOVERNMENT  
AND PEMEX IN ATTEMPT TO REMEDY THE SITUATION.

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3. SENATORS BENTSEN, TOWER AND REPRESENTATIVE DE LA GARZA  
HAVE ALSO EXPRESSED THEIR CONCERN OVER PEMEX'S DECISION TO  
DISCONTINUE OPERATIONS AT PORT OF BROWNSVILLE.

4. AT ITS DISCRETION, EMBASSY MAY ALSO WISH TO EXPRESS  
REGRET FOR THE INCONVENIENCE CAUSED PEMEX BUT AT SAME TIME  
POINTING OUT THAT RESTRICTIONS IMPOSED BY JONES ACT MUST BE  
ADHERED TO BY U.S. AUTHORITIES.  
VANCE

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## Message Attributes

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**Channel Indicators:** n/a  
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**Disposition Approved on Date:**  
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**Disposition Date:** 22 May 2009  
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**Drafter:** GEORGE FALK:DMM  
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**Type:** TE  
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